

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
:
In re: : Chapter 11
LEHMAN BROTHERS HOLDINGS INC., et al., : Case No. 08-13555 (JMP)
:
Debtors. : (Jointly Administered)
:
-----x

**EIGHTH INTERIM APPLICATION OF FTI CONSULTING, INC. FOR
ALLOWANCE OF COMPENSATION AND FOR REIMBURSEMENT OF
EXPENSES FOR SERVICES RENDERED IN THE CASE FOR THE PERIOD
FEBRUARY 1, 2011 THROUGH MAY 31, 2011**

Name of Applicant: FTI Consulting, Inc.

Authorized to Provide
Professional Services to: THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF LEHMAN
BROTHERS HOLDINGS, INC., et al.

Date of Retention: September 17, 2008

Period for which compensation
and reimbursement is sought: February 1, 2011 to May 31, 2011

Amount requested in this fee app ^(a)
Compensation requested: \$12,195,343.08
Expense reimbursement requested: \$189,309.44

This is an (a): X Interim _____ Final Application

^(a) Refer to Exhibit C for previous fee requests.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x
:
In re: : Chapter 11
: Case No. 08-13555 (JMP)
LEHMAN BROTHERS HOLDINGS INC., et al., :
:
Debtors. : (Jointly Administered)
:
-----x

**EIGHTH INTERIM APPLICATION OF FTI CONSULTING, INC. FOR
ALLOWANCE OF COMPENSATION AND FOR REIMBURSEMENT OF
EXPENSES FOR SERVICES RENDERED IN THE CASE FOR THE PERIOD
FEBRUARY 1, 2011 THROUGH MAY 31, 2011**

FTI Consulting, Inc. (“FTI” or “Applicant”), as financial advisor to the Official Committee of Unsecured Creditors (the “Committee”) of Lehman Brothers Holdings Inc. (“LBHI”), the debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors” or the “Company”) and, together with their non-debtor affiliates, (“Lehman”), hereby submits its eighth application pursuant to 11 U.S.C. §§330 and 331 for an interim allowance of compensation for services rendered and for reimbursement of expenses incurred in these cases.

INTRODUCTION

1. By this application, FTI seeks an eighth interim allowance of compensation for professional services rendered as financial advisors to the Committee for the period February 1, 2011 through and including May 31, 2011 (the “Eighth Interim Period”) in the amount of \$12,195,343.08, representing 25,161.7 hours in professional services, and actual

and necessary expenses of \$189,309.44. In support of this application, the Applicant represents as follows:

2. This application is submitted pursuant to the terms of the Fourth Amended Order Pursuant to Sections 105(a) and 331 of the Bankruptcy Code and Bankruptcy Rule 2016(a) Establishing Procedures for Interim Monthly Compensation and Reimbursement of Expenses for Professionals and Committee Members dated April 14, 2011 (the “Administrative Fee Order”). FTI is seeking the interim award and the full payment, without any holdback of fees, of \$12,195,343.08 in fees and \$189,309.44 for reimbursement of its expenses relating to services rendered on behalf of the Committee during the Eighth Interim Period.

BACKGROUND

3. On September 15, 2008 and periodically thereafter (as applicable, the “Commencement Date”), LBHI and certain of its subsidiaries commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors have continued in the management and operation of their businesses and properties as debtors-in-possession pursuant to 1107(a) and 1108 of the Bankruptcy Code.

4. On September 17, 2008, the United States Trustee for the Southern District of New York appointed the statutory committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code.

5. On September 19, 2008, a proceeding was commenced under the Securities Investor Protection Act of 1970 (“SIPA”) with respect to Lehman Brothers Inc. (“LBI”). A trustee appointed under SIPA (the “SIPC Trustee”) is administering LBI’s estate.

6. By an Order dated November 21, 2008 (“Retention Order”), the United States Bankruptcy Court for the Southern District of New York authorized and approved the

Committee's retention of FTI *nunc pro tunc* to September 17, 2008. FTI also filed its First Supplemental Affidavit of Michael Eisenband in Support of Application for an Order for Retention of FTI Consulting, Inc. as Financial Advisors for the Official Committee of Unsecured Creditors on January 23, 2009, a Second Supplemental Affidavit on April 6, 2009, a Third Supplemental Affidavit on June 19, 2009, a Fourth Supplemental Affidavit on April 15, 2010, a Fifth Supplemental Affidavit on November 23, 2010 and a Sixth Supplemental Affidavit dated April 29, 2011.

SUMMARY OF SERVICES RENDERED

7. The Debtors' chapter 11 cases have presented numerous complex issues that had to be addressed in order to preserve and maximize value for unsecured creditors. The Retention Order authorizes FTI to render essential financial advisory services to the Official Committee of Unsecured Creditors, which included, but were not limited to the following services during the Eighth Interim Period:

PCD 0800 Unsecured Creditors Issues/Meetings/Communications/Creditors' Committee

During the Eight Interim Period, the Committee held weekly (and in some weeks, twice weekly) conference calls and monthly in person meetings in advance of in person meetings with the Debtors. FTI worked with Committee counsel in the preparation and presentation of extensive materials for our calls with both the full Committee and the Committee co-chairs to discuss, among other things, updates on derivative positions, real estate positions, cash balances, intercompany balances, substantive consolidation, asset management alternatives, LAMCO, the Plan of Reorganization ("POR"), claims analysis, proposed affiliate settlements, litigation, and other key issues. During this period, the Committee also held separate weekly conference calls

devoted to POR issues. FTI also attended three in person meeting with the Debtor and the Committee on February 8, 2011, March 17, 2011 and May 4, 2011.

PCD 1100 LBI/SIPC Coordination and Issues

FTI devoted time to monitoring, evaluating, and analyzing LBI's claim reconciliation process. This included a review of the customer and general estate claims filed by the Debtors with the LBI administration to determine potential recoveries for both customer and general estate claims, the characterization and priority of claims and potential netting of claims. FTI also analyzed LBI's claims (including repurchase claims) filed against the Debtors to determine whether there were duplicates, erroneous filings, and whether amounts should be netted down. Further, FTI analyzed various scenarios for valuation of the ALI PIK note to assess potential impacts to the Debtor estates. FTI also performed due diligence of the LBI settlement with JPM Chase and participated in a meeting to discuss the settlement with representatives of LBI, the Debtors and the Committee.

PCD 1200 Cash Management

FTI reviewed the Company's cash and short-term investment position on a weekly and monthly basis. FTI attended regular meetings with Alvarez & Marsal ("A&M") to discuss the actual cash flow results and prepared reports to the Committee with details of the Debtors' current cash and short-term investment position. During this period, FTI performed the review of the December 2010, January 2011, February 2011, March 2011 and April 2011 monthly cash reports and presented a summary of the results to the Committee. FTI also reviewed and analyzed the 5 year cash flow forecast contained in the Disclosure Statement focusing on projected receipts by asset class, operating expenses and cost allocation methodology. FTI also reviewed the cash movements related to the Company's 12/31/2010 year end cost allocations.

These services aided the Committee in obtaining a complete understanding of the Company's cash flows by entity, and areas that needed to be evaluated further (e.g., potential capital calls, hedging opportunities, etc.) in order to ensure that sufficient liquidity was maintained.

PCD 1400 Employee/ERISA/Benefits/Pension Issues

At the request of the Committee, FTI reviewed the Debtors' asset management business plan and the related cost structure, particularly the employee related costs, associated with the proposed LAMCO alternative. FTI reviewed historical headcount, fully loaded employee costs, and staffing trends and then assessed the headcount plans in light of the anticipated asset monetization timeframes. We also developed a cost/benefit analysis in connection with potential strategic alternatives (such as potentially outsourcing certain asset management functions vs. continuing to perform these functions within the LAMCO structure). FTI's analysis and recommendations were presented to the Committee to aid with its assessment of certain decisions concerning ongoing asset management alternatives. Work in this project code also included the on-going review of the estate wind down plan with respect to employees, including contract extensions, retention, recruiting and compensation programs.

PCD 1800 Tax Issues

FTI worked with the Debtors and their professionals to analyze the consequences of the proposed NYS settlement. FTI also consulted with the Debtors on modeling the tax consequences of the POR and determining the consequences if the IRS decides that cancellation of indebtedness must be realized upon the effective date of the POR. To facilitate the calculation of the impact of intercompany claim treatment, FTI recommended that potential claims by the IRS or state tax authorities be separated into specific subsidiary-by-subsidiary liabilities and be

reflected before the use of consolidated tax attributes. FTI also participated in weekly tax conference calls with the Debtors.

PCD 2100 Intercompany Issues

During the Eight Interim Period, FTI individuals worked with the Debtors to roll forward intercompany balances from the Petition Date, accounting for accrued interest and foreign currency adjustments. In addition, FTI revised the intercompany matrix for updated balances between Lehman entities to feed into the Committee's Creditor recovery model. FTI worked extensively with Debtor personnel to review intercompany balance adjustments and reconcile the intercompany matrix to the Debtors' monthly balance sheets and Disclosure Statement.

FTI also analyzed the intercompany and guarantee claim components of proposed settlement agreements between the Debtors and certain foreign affiliates including, but not limited to, Bankhaus, LBIE and other UK entities. Additionally, FTI reviewed and analyzed the treatment of intercompany claims that arose from repurchase agreements and also assisted with the preparation of due diligence requests related to intercompany matters for the plan confirmation discovery process.

PCD 2300 Real Estate Matters

The Lehman Real Estate Portfolio ("Portfolio") includes positions in hundreds of financial assets encumbering properties and development projects located in North America, Europe, and Asia. The Portfolio, which has invested capital in the tens of billions of dollars, has many significant and complex projects, some of which have more than a billion dollars invested in them individually. The investment positions that the Debtors maintain are extremely varied across all levels of the projects' capital structure.

FTI met with A&M and legacy Lehman real estate employees (“Asset Managers”) on a regular basis to review mandates, proposals, and strategies aimed at maximizing recovery from the wind down of the Portfolio. The most pressing issues typically pertained to the various motions that had been filed in bankruptcy court requiring the Committee’s endorsement with respect to funding certain operating shortfalls, restructuring legacy capital structures, and implementing sales/marketing procedures. Toward that end, FTI met with the Asset Managers to validate relevant property-level and overall financial assumptions used in projecting cash flows and recoveries; and, presented its findings on a regular basis to both the Committee’s Real Estate Sub-Committee and, where appropriate, the full Committee. Most notably, FTI analyzed the costs and benefits of the Debtors’ proposal to form a joint venture with a capable land developer to harvest its investments in various development sites located in the Southwestern United States.

FTI was also invited by the Debtors for an in-person review and tour of various properties located in Europe that serve as collateral for financial assets, in which Lehman maintains direct and indirect economic interests. Finally, FTI also completed a full and detailed review of Lehman’s re-underwriting of the Portfolio, as marked in December 31, 2010, preparing materials for presentation to the Real Estate Sub-Committee.

PCD 2500 Derivatives/SWAP Agreement Issues

FTI participated in regular settlement adjudication meetings with the A&M and Lehman Derivative teams to discuss proposed derivatives settlements, and met regularly with Derivatives Co-Heads, counterparty teams and front office valuation employees to discuss strategies in connection with managing the wind-down of the derivatives portfolio. FTI worked with the applicable transactors and traders before and after the settlement adjudication meetings to discuss

relevant settlement issues, provide strategic guidance in negotiations with counterparties and independently assess the value of the derivative products and appropriate settlement amounts for certain transactions. FTI also reviewed numerous derivative portfolios of derivative counterparties that have been designated for Alternative Dispute Resolution (“ADR”). This review entails analysis of the disputed issues, valuation, and providing feedback to Committee counsel and the Derivatives Sub-Committee, as necessary. In connection with derivative claim objections, FTI has reviewed the valuation of the underlying derivatives portfolio and appropriateness of the closeout process. In addition, FTI has been involved in reviewing valuations of numerous intercompany and “Big Bank” derivative relationships.

FTI also has two employees working directly with the Debtors. The first works in the Debtors’ front office and is focused on the valuation of interest rate derivatives. The second works on the Debtors’ Big Bank derivative team and is focused on reconciliation and valuation of Big Bank derivative populations.

PCD 2800 International Insolvency Issues

FTI reviewed the reports issued by PwC on the progress of the Lehman entities in the U.K. Administration process for the period to March 2011 and continued to monitor developments with respect to the Financial Support Direction issued against certain Lehman entities, and the subsequent appeal process.

PCD 2900 Schedules/Statement of Financial Affairs/Other Reporting Issues

FTI spent time reviewing the June 30, 2010 Monthly Operating Report (“MOR) and the December 31, 2010 MOR including analyzing changes in key asset and liability balances. FTI also participated in meetings with the Debtors to review drafts of the MOR’s, any new disclosures and to understand any key variances between prior reports before they were filed.

FTI also reviewed and analyzed the Debtors cost allocation methodology including the review of the actual allocations as of June 30, 2010 and December 31, 2010.

PCD 3500 Plan of Reorganization/Plan Confirmation/Plan Implementation

During the Eight Interim Period, FTI continued its extensive review of POR issues. On January 25, 2011, the Debtors filed the First Amended Plan of Reorganization (“the Debtors Amended Plan”) and the Amended Disclosure Statement. FTI performed due diligence on the new economic provisions in the plan and the Disclosure Statement exhibits and provided comments to counsel and the Debtors. During this period, FTI continued to review alternatives proposed by the various ad hoc groups to settle certain issues, including substantive consolidation, the level of intercompany and guarantee claims, the treatment of structured note claims, etc. FTI also participated in the development of the plan discovery protocol including assisting with the preparation of a comprehensive document request list for all participants.

PCD 3700 Non-Derivative Claims Reconciliation, Estimation, Litigation, and Alternative Dispute Resolution and Bar Date Issues

FTI worked with the Debtors’ Claims Resolution Team to understand their efforts to reconcile, object to, estimate values, and resolve proofs of claims filed against the Debtors in these Chapter 11 proceedings. To-date, creditors have filed over 67,000 proofs of claim in these cases, each requiring reconciliation, and analysis. FTI has reviewed summaries of the filed claims by category as well as certain individual claims filed to determine their validity. The Debtors have filed over 160 omnibus objections to date which FTI has reviewed in advance of their filing with the Court. FTI analyzed significant differences between filed claims and adjusted claims for purposes of the claims estimates in the Disclosure Statement including a review of claim level detail for certain significant claims. FTI also reviewed materials related to

the reconciliation of the Residential Mortgage Backed Securities (“RMBS”) claims and held meetings with A&M to discuss same.

FTI continued its review and analysis of the affiliate guarantee claims during this period. As part of this analysis, FTI continued to engage in meetings and calls with the Debtors to understand any changes to the claims and the estimates set forth in the Disclosure Statement. FTI also reviewed and analyzed claim settlement proposals with numerous foreign affiliates, including Bankhaus and LBIE, regarding their affiliate guarantee claims, provided feedback to the Debtors and made presentations to the Committee regarding these proposals. FTI also reviewed the status of significant 3rd party guarantee claims settlement negotiations with Bankhaus as the primary obligor.

In regards to the Structured Securities Claims, claims that are based on structured securities issued or guaranteed by LBHI, FTI performed due diligence on Debtors' proposed procedures, including valuation of the guarantee claims of investors in European Medium Term Notes and other structured products, including (i) review and analysis of the Debtors' proposed methodology; (ii) selection of a random sample of structured securities for review; (iii) valuation of structured securities in the statistically selected, and; (iv) review and analysis of the Debtors' revaluation of certain structured securities.

PCD 3900 Non-Derivative Adversary Proceedings Preparation and Litigation

In connection with forensic projects requested by counsel, FTI continued its review of relevant documents produced pursuant to Rule 2004 that were maintained in two document repositories (Relativity and Stratify) with a combined population of approximately 4.5 million documents. FTI performed additional keyword searches and reviewed approximately 98,000

documents deemed responsive to specific searches. FTI performed research to assess the viability of potential claims against certain parties. Other tasks included additional financial analyses using the Debtor's financial records of relevant transactions, researching relevant accounting, and auditing literature, drafting memos for counsel summarizing the findings of forensic projects, and the preparation of materials for presentations to the Committee.

PCD 4600 Firms Own Billing/Fee Application

FTI expended necessary resources to ensure the timely filing of monthly fee statements in accordance with the Administrative Order. Time in this category includes preparing the Monthly Fee Statements for the fee periods of January 2011 through April 2011, as well as the time spent preparing the Seventh Interim Application of FTI Consulting, Inc. for Allowance of Compensation and for Reimbursement of Expenses.

ALLOWANCE OF COMPENSATION AND REIMBURSEMENT OF EXPENSES

8. All of the services for which interim compensation is sought herein were rendered for and on behalf of the Committee, and not on behalf of any other entity. FTI respectfully submits that the professional services rendered were necessary, appropriate and have contributed to the effective administration of the Debtors' chapter 11 cases and maximization of value. It is respectfully submitted that the services rendered to the Committee were performed efficiently, effectively and economically.

9. During the Eighth Interim Period, FTI professionals expended an aggregate of 25,161.7 hours in rendering services on behalf of the Committee for a total fee of \$12,195,343.08. FTI submits that its fee is reasonable for the work performed in these cases and the results obtained.

10. FTI incurred out-of-pocket expenses of \$189,309.44 in connection with the rendition of the professional services described above during this Eighth Interim Period. The actual expenses incurred in providing professional services were necessary, reasonable, and justified under the circumstances to serve the needs of the Committee in these Chapter 11 cases. All air travel to and from the Debtors' location was necessary and billed at coach rates. Additionally, FTI voluntarily reduced all travel time by 50% during the Eighth Interim Period.

APPLICATION

11. This Application is made by FTI in accordance with the Guidelines adopted by the Executive Office for the United States Trustees and the Administrative Order. Pursuant to this application, FTI has attached the following exhibits:

- A. Exhibit A -- Certification Under Guidelines for Fees and Disbursements for Professionals in Respect of Eighth Application of FTI Consulting, Inc;
- B. Exhibit B -- Retention Order dated November 21, 2008 authorizing the employment and retention of FTI Consulting, Inc. effective as of September 17, 2008 to provide professional services as Financial Advisors to the Official Committee of Unsecured Creditors;
- C. Exhibit C -- Summary of billings and collections for the First, Second, Third, Fourth, Fifth, Sixth, Seventh, and Eighth Interim Periods;
- D. Exhibit D -- Summary of time and fees by professional;
- E. Exhibit E -- Summary of time by task code;
- F. Exhibit F -- Summary of out of pocket expenses by category;
- G. Exhibit G¹ -- Detail of time by task codes, including detailed time entry

by professional with description of task performed;

H. Exhibit H¹ – Detail of expenses by category and professional incurred during the Eighth Interim Period.

12. No prior application has been made to this or any other Court for the relief requested herein for the Eighth Interim Period.

¹ Due to the volume of the time records and the detailed expense descriptions at issue, these materials are not being filed with the Court, but copies thereof have been delivered to (i) the Court; (ii) the United States Trustee; (iii) counsel for the Debtors; (iv) the Debtors; (v) counsel for the Committee; and (vi) the Fee Committee.

CONCLUSION

WHEREFORE, FTI respectfully requests that this Court enter an order:

- a. approving the allowance of \$12,195,343.08 for compensation for services rendered during the Eighth Interim Period, and reimbursement of \$189,309.44 for out of pocket expenses,
- b. directing the payment of such fees by the Debtors, and
- c. granting such other and further relief as this Court may deem just and proper.

Dated: New York, New York
August 15, 2011

FTI Consulting, Inc.
Financial Advisors to the Official Committee of
Unsecured Creditors

By: 



KARIN JACOBSON
Notary Public, State of New York
No. 31-4900115
Qualified in New York County
Commission Expires Oct. 19, 20 13

Samuel Star
Senior Managing Director
Three Times Square
New York, NY 10036
(212) 841-9368

EXHIBIT

“A” Certification

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
In re: : Chapter 11 Case No.
:
LEHMAN BROTHERS HOLDINGS INC., et al., : 08-13555 (JMP)
:
Debtors. : (Jointly Administered)
:
----- X

**CERTIFICATION UNDER GUIDELINES FOR FEES AND DISBURSEMENTS
FOR PROFESSIONALS IN RESPECT OF EIGHTH APPLICATION OF FTI
CONSULTING, INC., FINANCIAL ADVISOR TO
OFFICIAL COMMITTEE OF UNSECURED CREDITORS, FOR INTERIM
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND
FOR REIMBURSEMENT OF EXPENSES DURING PERIOD FROM
FEBRUARY 1, 2011 THROUGH AND INCLUDING MAY 31, 2011**

Pursuant to the Guidelines for Fees and Disbursements for Professionals in Southern District of New York Bankruptcy Cases adopted by the Court on June 24, 1991 and amended April 21, 1995 (together, the “Local Guidelines”), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “U.S. Trustee Guidelines” and, together with the Local Guidelines, the “Guidelines”), the undersigned, a senior managing director of FTI Consulting, Inc. (“FTI”), financial advisors to the Official Committee of Unsecured Creditors (the “Committee”) of Lehman Brothers Holdings Inc. and its affiliated debtors in possession in the above-captioned cases (collectively, the “Debtors”), hereby certifies with respect to FTI’s eight application for allowance of compensation for services rendered and for reimbursement of expenses, dated August 15, 2011 (the “Application”), for the period of February 1, 2011 through and including May 31, 2011 (the “Eighth Interim Period”) as follows:

1. I am the professional designated by FTI in respect of compliance with the Guidelines.

2. I make this certification in support of the Application, for interim compensation and reimbursement of expenses for the Eighth Interim Period, in accordance with the Local Guidelines.

3. In respect of section B.1 of the Local Guidelines, I certify that:

- a. I have read the Application.
- b. To the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Guidelines.
- c. Except to the extent that fees or disbursements are prohibited by the Guidelines, the fees and disbursements sought are billed at rates in accordance with practices customarily employed by FTI and generally accepted by FTI's clients.
- d. In providing a reimbursable service, FTI does not make a profit on that service, whether the service is performed by FTI in-house or through a third party.

4. In respect of section B.2 of the Local Guidelines, I certify that FTI has provided statements of FTI's fees and disbursements previously accrued, by filing and serving monthly statements in accordance with the Administrative Fee Order (as defined in the Application).

5. In respect of section B.3 of the Local Guidelines, I certify that copies of the Application are being provided to (a) the Court, (b) the Debtors, (c) counsel for the Debtors, (d) counsel for the Committee (e) the Office of the United States Trustee and the (f) the Fee Committee.

Dated: New York, New York
August 15, 2011

FTI Consulting, Inc.
Financial Advisors to the Official Committee
Of Unsecured Creditors

By: Samuel Star

Karin Jacobson
KARIN JACOBSON
Notary Public, State of New York
No. 31-4900115
Qualified in New York County
Commission Expires Oct. 19, 2013

Samuel Star
Senior Managing Director
Three Times Square
New York, NY 10036
(212) 841-9368

EXHIBIT
“B”
Retention Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
In re: : Chapter 11
:
LEHMAN BROTHERS HOLDINGS INC., et al., : 08-13555 (JMP)
:
Debtors. : (Jointly Administered)
-----x

**FINAL ORDER UNDER 11 U.S.C. §§ 328(a) AND 1103, FED. R. BANKR. P. 2014,
AND S.D.N.Y. LBR 2014-1 AUTHORIZING EMPLOYMENT AND
RETENTION OF FTI CONSULTING INC., AS FINANCIAL ADVISOR
TO OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF LEHMAN
BROTHERS HOLDINGS INC., ET AL., EFFECTIVE AS OF SEPTEMBER 17, 2008**

Upon the application, dated October 21, 2008 (the “Application”), of the Official Committee of Unsecured Creditors (the “Creditors’ Committee”), appointed in the above-captioned jointly administered chapter 11 cases of Lehman Brothers Holdings Inc., and its affiliated debtors and debtors in possession (collectively, the “Debtors”) for an order authorizing the Creditors’ Committee to retain and employ FTI Consulting Inc. (“FTI”), effective as of September 17, 2008, as financial advisor for the Creditors’ Committee in the above-captioned cases, pursuant to sections 328(a) and 1103(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (as amended, the “Bankruptcy Code”) and rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rule 2014-1 of the Local Bankruptcy Rules for the District of New York (the “Local Rules”); and the Court having considered the Affidavit of Michael Eisenband, sworn to October 21, 2008 (the “Eisenband Affidavit”), in connection with the Application; and the Court being satisfied based on the representations in the Application and the Eisenband Affidavit, that FTI does not represent any other entity having an adverse interest in connection with the case within the meaning of section 1103(b) of the Bankruptcy Code and is “disinterested” as defined in section 101(14) of the Bankruptcy Code; and the Court having jurisdiction to consider the Application and the

relief requested therein pursuant to 28 U.S.C. § 1334 and the Standing Order of Referral of Cases to Bankruptcy Judges of the United States District Court for the Southern District of New York (Ward, Acting C.J.), dated July 10, 1984; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the time for objections to the Application having expired on October 31, 2008, except for the United States Trustee and the Debtors, whose respective time to object was extended on consent until November 13, 2008; and, with no objections having been timely filed by any party; and the Court having entered an Interim Order (the “Interim Order”) dated November 5, 2008 (Docket No. 1405), approving the Application on an interim basis without objection; and no objection having been timely made or filed by either the Debtors, the United States Trustee, or any other party; and due and proper notice of the Application, the Interim Order, and the hearing to consider entry of a final order approving the Application having been provided as approved in the Interim Order; and it appearing that no other or further notice need be provided; and the Court having reviewed the Application; and the Court having determined that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon all of the proceedings had before the Court, and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Application is granted to the extent provided herein; and it is further

ORDERED, that all compensation and reimbursement of expenses to be paid to FTI, shall be subject to prior approval of this Court in accordance with the requirements under

§§ 330 and 331 of the Bankruptcy Code and the order of this Court which establishes procedures for monthly compensation and reimbursement of expenses; and it is further

ORDERED, that without limiting the rights of the United States Trustee to object to FTI's interim or final fee applications and without limiting the requirement that all compensation and reimbursement of expenses to be paid to FTI shall be subject to prior approval of this Court, in each instance as set forth in this Order, the Completion Fee (as defined in the Application), to the extent approved by the Court, shall be an expense of the administration of the above-captioned chapter 11 cases, payable, following conversion of such cases to a case under Chapter 7 of Title 11 of the United States Code, in the same order of priority as other allowed chapter 11 administrative expenses; and it is further

ORDERED, that all requests of FTI for payment of indemnity pursuant to the Engagement shall be made by means of an application (interim or final as the case may be) and shall be subject to review by the Court to ensure that payment of such indemnity conforms to the terms of the Engagement and is reasonable based upon the circumstances of the litigation or settlement in respect of which indemnity is sought, provided, however, that in no event shall FTI be indemnified in the case of its own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence or willful misconduct; and it is further

ORDERED, that in no event shall FTI be indemnified if the Debtor or a representative of the estate, asserts a claim for, and a court determines by final order that such claim arose out of, FTI's own bad-faith, self-dealing, breach of fiduciary duty (if any), gross negligence, or willful misconduct; and it is further

ORDERED that in the event FTI seeks reimbursement for attorneys' fees pursuant to the terms of the Engagement, the invoices and supporting time records from such

attorneys shall be included in FTI's own application and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy Court under the standards of sections 330 and 331 of the Bankruptcy Code; and it is further

ORDERED that to the extent this Order is inconsistent with the Engagement or the Application, this Order shall govern; and it is further

ORDERED that this court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

Dated: New York, New York
November 21, 2008

s/ James M. Peck
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT
“C”
Monthly Billing and Collection Summary

EXHIBIT C
LEHMAN BROTHERS HOLDING, INC., CASE NO. 08 - 13555
SUMMARY OF FEES & EXPENSES BY MONTH
FOR THE EIGHTH INTERIM PERIOD FEBRUARY 1, 2011 TO MAY 31, 2011

FEES	February 1, 2011 - February 28, 2011		March 1, 2011 - March 31, 2011		April 1, 2011 - April 30, 2011		May 1, 2011 - May 31, 2011		Total
	Incurred	\$ 3,020,808.71	\$ 3,551,646.50	\$ 2,890,308.64	\$ 2,819,815.23	\$	12,282,579.08		
Travel Reduction (50%)		\$ (11,823.00)	\$ (27,432.50)	\$ (30,208.75)	\$ (17,771.75)	\$	\$ (87,236.00)		
Billed	\$ 3,008,985.71	\$ 3,524,214.00	\$ 2,860,099.89	\$ 2,802,043.48	\$	\$ 12,195,343.08			
Paid	\$ (2,407,188.57)	\$ (2,819,371.20)	\$ (2,288,079.91)	\$ -	\$	\$ (7,514,639.68)			
Unpaid	\$ <u>601,797.14</u>	\$ <u>704,842.80</u>	\$ <u>572,019.98</u>	\$ <u>2,802,043.48</u>	\$	\$ <u>4,680,703.40</u>			
<hr/>									
EXPENSES									
Incurred & Billed	\$ 46,021.99	\$ 48,904.99	\$ 52,100.67	\$ 42,281.79	\$	\$ 189,309.44			
Paid	\$ (46,021.99)	\$ (48,904.99)	\$ (52,100.67)	\$ -	\$	\$ (147,027.65)			
Unpaid	\$ -	\$ -	\$ -	\$ 42,281.79	\$	\$ 42,281.79			
<hr/>									
TOTAL									
Incurred	\$ 3,066,830.70	\$ 3,600,551.49	\$ 2,942,409.31	\$ 2,862,097.02	\$	\$ 12,471,888.52			
Total Travel Reduction	\$ (11,823.00)	\$ (27,432.50)	\$ (30,208.75)	\$ (17,771.75)	\$	\$ (87,236.00)			
Billed	\$ 3,055,007.70	\$ 3,573,118.99	\$ 2,912,200.56	\$ 2,844,325.27	\$	\$ 12,384,652.52			
Paid	\$ (2,453,210.56)	\$ (2,868,276.19)	\$ (2,340,180.58)	\$ -	\$	\$ (7,661,667.33)			
Unpaid	\$ <u>601,797.14</u>	\$ <u>704,842.80</u>	\$ <u>572,019.98</u>	\$ <u>2,844,325.27</u>	\$	\$ <u>4,722,985.19</u>			
Total Unpaid	\$ <u>601,797.14</u>	\$ <u>704,842.80</u>	\$ <u>572,019.98</u>	\$ <u>2,844,325.27</u>	\$	\$ <u>4,722,985.19</u>			

EXHIBIT C
LEHMAN BROTHERS HOLDING, INC., CASE NO. 08 - 13555
SUMMARY OF FEES & EXPENSES

FOR THE FIRST INTERIM PERIOD SEPTEMBER 17, 2008 TO JANUARY 31, 2009

Total Fees Requested	Total Expenses Requested	Total Fees Awarded	Total Expenses Awarded	Total Requested	Total Awarded
\$ 5,261,715.61	\$ 148,515.81	\$ 5,218,571.36	\$ 148,329.28	\$ 5,410,231.42	\$ 5,366,900.64

FOR THE SECOND INTERIM PERIOD FEBRUARY 1, 2009 TO MAY 31, 2009

Total Fees Requested	Total Expenses Requested	Total Fees Awarded	Total Expenses Awarded	Total Requested	Total Awarded
\$ 6,590,011.59	\$ 231,881.68	\$ 6,654,303.20	\$ 231,539.58	\$ 6,921,893.27	\$ 6,885,842.78

FOR THE THIRD INTERIM PERIOD JUNE 1, 2009 TO SEPTEMBER 30, 2009

Total Fees Requested	Total Expenses Requested	Total Fees Awarded	Total Expenses Awarded	Total Requested	Total Awarded
\$ 7,684,069.40	\$ 211,418.60	\$ 7,673,489.59	\$ 210,974.27	\$ 7,895,488.00	\$ 7,884,463.86

FOR THE FOURTH INTERIM PERIOD OCTOBER 1, 2009 TO JANUARY 31, 2010

Total Fees Requested	Total Expenses Requested	Total Fees Awarded	Total Expenses Awarded	Total Requested	Total Awarded
\$ 9,500,022.29	\$ 199,398.23	\$ 9,456,017.76	\$ 147,441.07	\$ 9,699,420.52	\$ 9,603,458.83

FOR THE FIFTH INTERIM PERIOD FEBRUARY 1, 2010 TO MAY 31, 2010

Total Fees Requested	Total Expenses Requested	Total Fees Awarded	Total Expenses Awarded	Total Requested	Total Awarded
\$ 9,684,055.45	\$ 89,869.95	\$ 9,658,001.00	\$ 83,174.45	\$ 9,773,925.40	\$ 9,741,175.45

FOR THE SIXTH INTERIM PERIOD JUNE 1, 2010 TO SEPTEMBER 30, 2010

Total Fees Requested	Total Expenses Requested	Total Fees Awarded ⁽¹⁾	Total Expenses Awarded ⁽¹⁾	Total Requested	Total Awarded ⁽¹⁾
\$ 13,364,786.17	\$ 65,183.44	- \$	- \$	- \$ 13,429,969.61	\$ -

FOR THE SEVENTH INTERIM PERIOD OCTOBER 1, 2010 TO JANUARY 1, 2011

Total Fees Requested	Total Expenses Requested	Total Fees Awarded ⁽¹⁾	Total Expenses Awarded ⁽¹⁾	Total Requested	Total Awarded ⁽¹⁾
\$ 12,727,735.75	\$ 186,351.60	- \$	- \$	- \$ 12,914,087.35	\$ -

(1) Pending discussion with Fee Committee

EXHIBIT
“D”
Summary of Time and Fees by Professional

EXHIBIT D
LEHMAN BROTHERS HOLDINGS, INC., CASE NO. 08-13555
SUMMARY OF FEES BY PROFESSIONAL
FOR THE PERIOD FEBRUARY 1, 2011 THROUGH MAY 31, 2011

Professional	Position	Billing Rate	Total Hours	Total Fees
Alsarraf, Tamara	Consultant	\$280.00	308.5	\$86,380.00
Appell, Wesley	Director	\$605.00 ⁽²⁾	125.1	\$75,685.50
Appell, Wesley	Senior Consultant	\$530.00	94.2	\$49,926.00
Bauer, Michael	Director	\$425.00	178.8	\$75,990.00
Baumkirchner, Michael	Managing Director	\$695.00 ⁽²⁾	374.9	\$260,555.50
Baumkirchner, Michael	Director	\$675.00	365.5	\$246,712.50
Bergin, Richard	Managing Director	\$575.00	793.1	\$456,032.50
Bertelsen, Eric	Senior Consultant	\$460.00	10.8	\$4,968.00
Bossard, Kelly	Managing Director	\$550.00	75.9	\$41,745.00
Brodwin, Jahn	Senior Managing Director	\$750.00	33.1	\$24,825.00
Castellano, Joseph	Senior Managing Director	\$640.00	54.8	\$35,072.00
Chan, Stanley	Director	\$465.00	814.8	\$378,882.00
Chin, Clara	Director	\$500.00	140.3	\$70,150.00
Costanzo, Thomas	Senior Consultant	\$320.00 ⁽²⁾	321.7	\$102,944.00
Costanzo, Thomas	Consultant	\$290.00	432.5	\$125,425.00
Darefsky, Robert J	Senior Managing Director	\$895.00	223.0	\$199,585.00
Dave, Meghna	Consultant	\$270.00	122.6	\$33,102.00
de Lastic, Christopher	Senior Consultant	\$350.00	745.9	\$261,065.00
Dean, Christopher	Director	\$675.00	705.7	\$476,347.50
Dewar, Mark	Senior Managing Director	\$1,050.05 ⁽¹⁾	6.0	\$6,300.30

EXHIBIT D
LEHMAN BROTHERS HOLDINGS, INC., CASE NO. 08-13555
SUMMARY OF FEES BY PROFESSIONAL

FOR THE PERIOD FEBRUARY 1, 2011 THROUGH MAY 31, 2011

Professional	Position	Billing Rate	Total Hours	Total Fees
Diamond, Charles	Managing Director	\$545.00	34.8	\$18,966.00
Diaz, Matthew	Managing Director	\$745.00	4.4	\$3,278.00
Djordjevic, Nikola	Director	\$465.00	343.8	\$159,867.00
Djordjevic, Luka	Consultant	\$250.00	21.0	\$5,250.00
Eisenband, Michael	Senior Managing Director	\$895.00	391.5	\$350,392.50
Feldman, Andrew	Consultant	\$290.00	354.2	\$102,718.00
Fontana, Andrew	Consultant	\$270.00	5.5	\$1,485.00
Foo, Sandy	Senior Consultant	\$530.00	50.1	\$26,553.00
French, Jennifer	Director	\$675.00	565.3	\$381,577.50
Friedland, Scott D.	Senior Managing Director	\$660.00	306.9	\$202,554.00
Glaser, Justin	Senior Consultant	\$375.00	2.0	\$750.00
Gosselin, Patrick	Senior Consultant	\$500.00	427.1	\$213,550.00
Greenberg, Mark	Managing Director	\$745.00	486.7	\$362,591.50
Gregory, Lauren	Consultant	\$315.00	784.4	\$247,086.00
Hain, Danielle	Managing Director	\$745.00	368.8	\$274,756.00
Heinz, Peter	Consultant	\$455.00	603.3	\$274,501.50
Hellmund-Mora, Marili	Associate	\$250.00	12.3	\$3,075.00
Henn, Timothy	Consultant	\$380.00	888.9	\$337,782.00
Hofstad, Ivo J	Director	\$450.00	0.5	\$225.00
Joffe, Steven	Senior Managing Director	\$895.00	84.0	\$75,180.00

EXHIBIT D
LEHMAN BROTHERS HOLDINGS, INC., CASE NO. 08-13555
SUMMARY OF FEES BY PROFESSIONAL
FOR THE PERIOD FEBRUARY 1, 2011 THROUGH MAY 31, 2011

Professional	Position	Billing Rate	Total Hours	Total Fees
Johnston, Bonnie	Paraprofessional	\$210.00	379.2	\$79,632.00
Kennedy, Jason	Managing Director	\$725.00	47.7	\$34,582.50
Kim, Jae	Senior Consultant	\$425.00	515.2	\$218,960.00
Kim, Hansol	Managing Director	\$695.00	108.7	\$75,546.50
Koch, Rachel	Director	\$465.00	38.6	\$17,949.00
Kocica, Anthony	Director	\$400.00	4.0	\$1,600.00
Korsman, Lynn	Senior Consultant	\$530.00	520.5	\$275,865.00
Kwak, Michael	Director	\$440.00	428.1	\$188,364.00
Larson, Ellen	Managing Director	\$745.00	3.0	\$2,235.00
Lau, King	Director	\$500.00	24.6	\$12,300.00
Leka, Florian	Director	\$465.00	682.5	\$317,362.50
Lyman, Scott	Director	\$640.00	860.0	\$550,400.00
Mackie, Kristen	Director	\$350.00	395.8	\$138,530.00
Majerle, Robin	Senior Consultant	\$455.00	671.2	\$305,396.00
McGannon, Jeremy	Director	\$435.00	10.1	\$4,393.50
Mercer, Gregory	Senior Consultant	\$300.00 ⁽²⁾	130.6	\$39,180.00
Mercer, Gregory	Senior Consultant	\$290.00	267.5	\$77,575.00
Meyers, Glenn	Managing Director	\$575.00	5.4	\$3,105.00
Mikulka, Gregory	Consultant	\$250.00	785.8	\$196,450.00
Mordecai, David K.A.	Economic Consultant	\$1,000.00	45.0	\$45,000.00

EXHIBIT D
LEHMAN BROTHERS HOLDINGS, INC., CASE NO. 08-13555
SUMMARY OF FEES BY PROFESSIONAL
FOR THE PERIOD FEBRUARY 1, 2011 THROUGH MAY 31, 2011

Professional	Position	Billing Rate	Total Hours	Total Fees
Ng, William	Director	\$605.00	352.2	\$213,081.00
Ng, William	Senior Consultant	\$530.00	355.1	\$188,203.00
Nitz, Scott	Senior Consultant	\$495.00 ⁽²⁾	803.8	\$397,881.00
Rauch, Adam	Consultant	\$315.00	780.8	\$245,952.00
Rees, Thomas	Managing Director	\$540.00	113.7	\$61,398.00
Rickelton, Lisa	Director	\$899.77 ⁽¹⁾	37.1	\$33,381.63
Rizvi, Tabish	Managing Director	\$675.00	657.4	\$443,745.00
Rodriguez, Yolanda	Paraprofessional	\$200.00	44.1	\$8,820.00
Ruta, Dustin	Director	\$470.00	36.4	\$17,108.00
Saitta JR, George	Director	\$500.00	100.0	\$50,000.00
Sampath, Vijay	Managing Dir	\$575.00	27.0	\$15,525.00
Shah, Mili	Consultant	\$250.00	754.8	\$188,700.00
Simpson, Chaz	Director	\$470.00	16.5	\$7,755.00
Siris, John	Managing Director	\$745.00	215.9	\$160,845.50
Sloane, Raymond	Senior Managing Director	\$660.00	90.6	\$59,796.00
Spinella, Joseph	Managing Director	\$575.00	86.5	\$49,737.50
Star, Samuel	Senior Managing Director	\$895.00	116.3	\$104,088.50
Suh, Joseph	Director	\$520.00	63.9	\$33,228.00
Swanson, David	Director	\$640.00	365.9	\$234,176.00
Szymik, Filip	Senior Consultant	\$460.00 ⁽²⁾	322.8	\$148,488.00

EXHIBIT D
LEHMAN BROTHERS HOLDINGS, INC., CASE NO. 08-13555
SUMMARY OF FEES BY PROFESSIONAL

FOR THE PERIOD FEBRUARY 1, 2011 THROUGH MAY 31, 2011

Professional	Position	Billing Rate	Total Hours	Total Fees
Szymik, Filip	Consultant	\$380.00	435.5	\$165,490.00
Tantleff, Alan	Managing Director	\$745.00	56.0	\$41,720.00
Thomas, Monique	Director	\$425.00 ⁽²⁾	128.9	\$54,782.50
Thomas, Monique	Senior Consultant	\$400.00	161.0	\$64,400.00
Tully, Conor	Senior Managing Director	\$800.00	267.4	\$213,920.00
Ulin, Karl	Director	\$640.00	339.7	\$217,408.00
Wang, Luda	Consultant	\$580.14	15.3	\$8,876.14
Wang, Jennifer	Senior Consultant	\$290.00	514.5	\$149,205.00
Worth, Tristram	Consultant	\$210.00	315.9	\$66,339.00
Yozzo, John	Managing Director	\$545.00	0.5	\$272.50
Grand Total			25,161.7	\$12,282,579.08
<i>Less: 50% Travel Reduction</i>			<hr/> <hr/>	<hr/> <hr/> (\$ 87,236.00)
Net Grand Total			<hr/> <hr/>	<hr/> <hr/> \$12,195,343.08

⁽¹⁾ Blended rate based on GBP to USD exchange rate for each month during Eighth Interim period as identified in the Monthly Fee Statements.

⁽²⁾ Bill Rate increased effective April 1, 2011.

EXHIBIT
“E”
Summary of Time by Task Code

LEHMAN BROTHERS HOLDINGS, INC., CASE NO. 08-13555
SUMMARY OF FEES BY TASK DESCRIPTION
FOR THE PERIOD FEBRUARY 1, 2011 THROUGH MAY 31, 2011

TASK NUMBER	TASK DESCRIPTION	TOTAL HOURS	TOTAL FEES
0100	General Case Administration	3.4	\$2,383.00
0300	Project Monitoring/Court Calendar & Docket Maintenance	4.3	\$3,459.00
0400	Hearings and Court Communications	0.8	\$716.00
0500	Non-Working Travel	328.1	\$174,472.00
0700	Communications with Debtors	26.5	\$22,765.50
0800	Unsecured Creditors Issues/Meetings/Communications/Creditors' Committee	394.7	\$307,496.05
1100	LBI/SIPC Coordination and Issues	237.3	\$163,234.00
1200	Cash Management	276.9	\$172,666.50
1400	Employee/ERISA/Benefits/Pension Issues	225.4	\$149,336.00
1800	Tax Issues	89.5	\$79,799.50
2000	Other General Business Operation Issues	3.1	\$2,120.50
2100	Intercompany Issues	856.1	\$560,956.50
2300	Real Estate Matters	3,631.0	\$1,892,341.00
2400	Private Equity	2.6	\$2,213.00
2500	Derivatives/SWAP Agreement Issues (Including Derivatives-Related Adversary Proceedings, Alternative Dispute Resolution, and Claims Reconciliation and Litigation)	7,471.7	\$3,698,623.50
2600	Loans/Investments	10.5	\$8,578.50
2800	International Insolvency Issues	82.2	\$67,973.53
2900	Schedules/Statement of Financial Affairs/Other Reporting Issues	190.1	\$111,180.00
3500	Plan of Reorganization/Plan Confirmation/Plan Implementation	797.8	\$564,948.00
3700	Non-Derivative Claims Reconciliation, Estimation, Litigation, and Alternative Dispute Resolution and Bar Date Issues	9,232.4	\$3,691,800.50
3900	Non-Derivative Adversary Proceedings Preparation and Litigation	698.5	\$395,003.50
4600	Firm's Own Billing/Fee Applications	567.4	\$189,827.00
4700	Firm's Own Retention Issues	31.4	\$20,686.00
Grand Total		25,161.7	\$12,282,579.08
<i>Less: 50% Travel Reduction</i>			(\$ 87,236.00)
Net Grand Total			\$12,195,343.08

EXHIBIT
“F”
Expenses by Category

EXHIBIT F
LEHMAN BROTHRS HOLDING, INC. CASE NO. 08-13555
SUMMARY OF EXPENSES BY CATEGORY
FOR THE PERIOD FEBRUARY 1, 2011 THROUGH MAY 31, 2011

<i>Expense Category</i>	<i>Total Expenses</i>
Airfare	\$52,756.25
Lodging	\$57,010.86
Meals	\$10,057.24
Transportation	\$18,683.11
Other	⁽¹⁾ \$50,801.98
	Total \$189,309.44

(1) Other included primarily online hosting fees for data related to the JPM subpoena.